

# **Veterans Affairs: A Preliminary Analysis of the FY2012 Appropriations Request**

March 15, 2011

**Congressional Research Service**

<https://crsreports.congress.gov>

R41688

## Summary

The Department of Veterans Affairs (VA) provides a range of benefits and services to veterans who meet certain eligibility criteria. These benefits and services include hospital and medical care, disability compensation and pensions, education, vocational rehabilitation and employment services, assistance to homeless veterans, home loan guarantees, administration of life insurance as well as traumatic injury protection insurance for servicemembers, and death benefits that cover burial expenses.

This report provides a preliminary analysis of the President's budget request for FY2012 for the programs administered by the VA. For FY2012, the Administration is requesting approximately \$132.1 billion for the VA. This amount includes approximately \$62 billion in discretionary funds and approximately \$70 billion in mandatory funding.

The FY2012 budget request for VA medical care programs is \$51.3 billion, an increase of approximately \$240 million over the FY2012 advance appropriations request of \$50.6 billion that was included in the FY2011 budget request. The FY2013 request of advance appropriations is \$52.5 billion, an increase of approximately \$1.7 billion over the FY2012 budget request. The President's budget is proposing an establishment of a contingency fund of \$953 million for VA medical care programs in FY2012. These contingency funds would become available for obligation if the Administration determines that additional costs would be incurred due to changes in economic conditions.

This report is not an exhaustive discussion of VA's budget request for FY2012. A full CRS report on FY2012 VA budget and appropriations issues is planned after initial congressional consideration of appropriations legislation.

## Contents

Introduction .....	1
The Department of Veterans Affairs Budget .....	2
The Budget Request for FY2012—Health Care Programs .....	3
Background .....	3
The Veteran Patient Population .....	4
President’s Request .....	4
The Budget Request for FY2012—Mandatory Benefit Programs and Administration.....	8
Disability Compensation .....	8
Readjustment Benefits .....	8
Insurance (Mandatory) .....	9
Housing and Other Mandatory Benefits.....	9
Major Construction .....	9
Minor Construction .....	9
General Operating Expenses .....	9
Information Technology .....	10
Grants to States for Extended Care Facilities.....	10

## Tables

Table 1. Veterans Health Administration (VHA) Budget Authority by Account, FY2010- FY2012 and Advance Appropriations, FY2013 .....	6
Table 2. VA Budget Authority by Account, FY2010-FY2012, Mandatory Benefits and Administration.....	10

## Contacts

Author Information.....	10
-------------------------	----

## Introduction

The Department of Veterans Affairs (VA) provides a range of benefits and services to veterans who meet certain eligibility criteria. These benefits and services include, among other things, hospital and medical care, disability compensation and pensions,<sup>1</sup> education,<sup>2</sup> vocational rehabilitation and employment services,<sup>3</sup> assistance to homeless veterans,<sup>4</sup> home loan guarantees,<sup>5</sup> administration of life insurance as well as traumatic injury protection insurance for servicemembers,<sup>6</sup> and death benefits that cover burial expenses.<sup>7</sup>

The Department carries out its programs nationwide through three administrations and the Board of Veterans Appeals (BVA). The Veterans Health Administration (VHA) is responsible for health care services and medical and prosthetic research programs. The Veterans Benefits Administration (VBA) is responsible for, among other things, providing compensations, pensions, and education assistance. The National Cemetery Administration (NCA)<sup>8</sup> is responsible for maintaining national veterans cemeteries; providing grants to states for establishing, expanding, or improving state veterans cemeteries; and providing headstones and markers for the graves of eligible persons, among other things. The BVA reviews all appeals made by veterans or their representatives for entitlement to veterans' benefits, including claims for service connection, increased disability ratings, pension, insurance benefits, and educational benefits, among other things.

This report provides a preliminary analysis of the President's budget request for FY2012 for the programs administered by the VA. The information provided in this report is based on the President's budget proposal provided to Congress on February 14, 2011, and does not reflect amounts contained in the Consolidated Appropriations Act, 2010 (P.L. 111-117) nor funding levels included in the Full Year Continuing Appropriations Act, 2011 (H.R. 1 as passed by the House of Representatives on February 19, 2011). This step has been taken to provide consistency when comparing funding levels across the fiscal years.<sup>9</sup> Since the beginning of the fiscal year on October 1, 2010, VA benefits and services (except medical programs) have been funded under a

---

<sup>1</sup> For a detailed description of disability compensation and pension programs see CRS Report RL34626, *Veterans' Benefits: Benefits Available for Disabled Veterans*, by Christine Scott and Carol D. Davis; CRS Report RL33323, *Veterans Affairs: Benefits for Service-Connected Disabilities*, by Douglas Reid Weimer; and CRS Report RS22804, *Veterans' Benefits: Pension Benefit Programs*, by Christine Scott and Carol D. Davis.

<sup>2</sup> For a discussion of education benefits see CRS Report R40723, *Educational Assistance Programs Administered by the U.S. Department of Veterans Affairs*, by Cassandra Dortch.

<sup>3</sup> For details on VA's vocational rehabilitation and employment see CRS Report RL34627, *Veterans' Benefits: The Vocational Rehabilitation and Employment Program*, by Christine Scott and Carol D. Davis.

<sup>4</sup> For detailed information on homeless veterans programs see CRS Report RL34024, *Veterans and Homelessness*, by Libby Perl.

<sup>5</sup> For details on the home loan guarantee program see CRS Report RS20533, *VA-Home Loan Guaranty Program: An Overview*, by Bruce E. Foote.

<sup>6</sup> For more information on insurance programs see CRS Report R41435, *Veterans' Benefits: Current Life Insurance Programs*, by Christine Scott.

<sup>7</sup> For more information on burial benefits see CRS Report R41386, *Veterans' Benefits: Burial Benefits and National Cemeteries*, by Christine Scott.

<sup>8</sup> Established by the National Cemeteries Act of 1973 (P.L. 93-43).

<sup>9</sup> For FY2010 enacted levels and FY2011 requested amounts based on appropriation bill language, see CRS Report R41345, *Military Construction, Veterans Affairs, and Related Agencies: FY2011 Appropriations*, by Daniel H. Else, Christine Scott, and Sidath Viranga Panangala and CRS Report R41343, *Veterans Medical Care: FY2011 Appropriations*, by Sidath Viranga Panangala.

series of five continuing resolutions (CRs)—P.L. 111-242; P.L. 111-290; P.L. 111-317; P.L. 111-322; and P.L. 112-4. The Consolidated Appropriations Act, 2010 (P.L. 111-117) provided advance appropriations for medical programs for FY2011.

The report begins with a brief introduction to the Department's budget. Next, it provides funding levels requested by the President for FY2012 for VA health related programs. This is followed by a discussion of funding levels requested for mandatory programs and administration including programs such as construction of VA facilities and information technology. It should be noted that this not an exhaustive discussion of VA's budget request for FY2012.

## **The Department of Veterans Affairs Budget**

To provide some context to the discussion that follows, this section provides a brief introduction to the various accounts that fund the Department. The VA's budget is comprised of both mandatory and discretionary spending accounts.<sup>10</sup> Mandatory funding supports disability compensation, pension benefits, education, vocational rehabilitation, life insurance, and burial benefits, among other benefits and services.<sup>11</sup> Discretionary funding supports a broad array of benefits and services with a majority of funding going towards providing medical care to veterans. According to the President's budget documents, in FY2010 the total VA budget authority was approximately \$127.2 billion. The FY2012 budget request for the VA is for approximately \$132.1 billion in budget authority.

The VA's health care program is funded through multiple appropriations accounts that are supplemented by other sources of revenue. The appropriation accounts used to support VA health care programs include (1) medical services, (2) medical administration (currently known as medical support and compliance), (3) medical facilities, and (4) medical and prosthetic research. In addition to direct appropriations accounts mentioned above, the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), enacted into law in 1986, gave the VA the authority to bill some veterans and most health care insurers for nonservice-connected care provided to veterans enrolled in the VA health care system, to help defray the cost of delivering medical services to veterans. The Balanced Budget Act of 1997 (P.L. 105-33) gave the VA the authority to retain these funds in the Medical Care Collections Fund (MCCF). The funds deposited into the MCCF would be available for medical services for veterans. These collected funds do not have to be spent in any particular fiscal year and are available until expended.

In 2009, Congress enacted the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81) that authorized advance appropriations for three of the four accounts that comprise the VHA: medical services, medical support and compliance, and medical facilities. The medical and prosthetic research account is not funded as an advance appropriation, and is funded through the regular appropriations process.

---

<sup>10</sup> Federal spending is often divided into three categories: discretionary spending, mandatory spending, and net interest. Mandatory spending includes federal government spending on entitlement programs as well as other budget outlays controlled by laws other than appropriation acts. Entitlement programs such as Social Security and Medicare make up the bulk of mandatory spending. Discretionary spending is provided and controlled through appropriation acts (CRS Report RL33074, *Mandatory Spending Since 1962*, by D. Andrew Austin and Mindy R. Levit).

<sup>11</sup> These benefits are considered an appropriated entitlement. The level of spending for appropriated entitlements, like other entitlements, is based on the benefit and eligibility criteria established in law. The amount of budget authority provided in appropriations acts for these specific programs is based on meeting projected spending levels. Since the authorizing legislation effectively determines the amount of budget authority required, the Budget Enforcement Act (BEA) of 1990 (P.L. 101-508) classified appropriated entitlement spending as mandatory (CRS Report RL33074, *Mandatory Spending Since 1962*, by D. Andrew Austin and Mindy R. Levit).

The medical services account funds health care services provided to eligible veterans and beneficiaries in VA's medical centers, outpatient clinic facilities, contract hospitals, state homes, and outpatient programs on a fee basis; the medical support and compliance account funds management and administration of the VA health care system, including financial management; and the medical facilities account includes funds for the operation and maintenance of the VA health care system's capital infrastructure (excluding construction), such as costs associated with utilities, facility repair, laundry services, and groundskeeping.

## **The Budget Request for FY2012—Health Care Programs**

### **Background**

The Veterans Health Administration (VHA) operates the nation's largest integrated direct health care delivery system.<sup>12</sup> While Medicare, Medicaid, and the Children's Health Insurance Program (CHIP) are also publicly funded programs, most health care services under these programs are delivered by private providers in private facilities. In contrast, the VA health care system could be categorized as a veteran-specific national health care system, in the sense that the federal government owns the medical facilities and employs the health care providers.<sup>13</sup> The VA's health care system is organized into 21 geographically defined Veterans Integrated Service Networks (VISNs). Although policies and guidelines are developed at VA headquarters to be applied throughout the VA health care system, management authority for basic decision making and budgetary responsibilities are delegated to the VISNs.<sup>14</sup> As of FY2010, VHA operates 152 hospitals (medical centers), 133 nursing homes, 791 community-based outpatient clinics (CBOCs),<sup>15</sup> 6 independent outpatient clinics, and 300 Readjustment Counseling Centers (Vet Centers).<sup>16</sup> In 2009, VA began a pilot Mobile Vet Center (MVC) program to improve access to services for veterans in rural areas, and the Department has deployed 50 MVCs. VHA also operates 9 mobile outpatient clinics.

The VHA pays for care provided to veterans by private-sector providers on a fee basis under certain circumstances. This program pays non-VA health care providers to treat eligible veterans when medical services are not available at VA medical facilities or in emergencies when delays are hazardous to life or health. Fee basis care includes inpatient, outpatient, prescription

---

<sup>12</sup> U.S. Department of Veterans Affairs, *FY 2009 Performance and Accountability Report*, Washington, DC, November 16, 2009, p. I-42. Established on January 3, 1946, as the Department of Medicine and Surgery by P.L. 79-293, succeeded in 1989 by the Veterans Health Services and Research Administration, renamed the Veterans Health Administration in 1991.

<sup>13</sup> Adam Oliver, "The Veterans Health Administration: An American Success Story?" *The Milbank Quarterly*, vol. 85, no. 1 (March 2007), pp. 5-35.

<sup>14</sup> Kenneth Kizer, John Demakis, and John Feussner, "Reinventing VA health care: Systematizing Quality Improvement and Quality Innovation." *Medical Care*, vol. 38, no. 6 (June 2000), Suppl 1:I7-16.

<sup>15</sup> For more information on CBOCs, see CRS Report R41044, *Veterans Health Administration: Community-Based Outpatient Clinics*, by Sidath Viranga Panangala.

<sup>16</sup> Vet Centers are a nation-wide system of community-based programs separate from VA medical centers (VAMCs). Client services provided by Vet Centers include psychological counseling and psychotherapy (individual and groups); screening for and treatment of mental health issues; substance abuse screening and counseling; employment/educational counseling; and bereavement counseling, among other services.

medication, and long-term care services.<sup>17</sup> Inpatient and outpatient care are also provided in the private sector to eligible dependents of veterans under the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA).<sup>18</sup> The VHA also provides grants for construction of state-owned nursing homes and domiciliary facilities<sup>19</sup> and collaborates with the Department of Defense (DOD) in sharing health care resources and services.

Apart from providing direct patient care to veterans,<sup>20</sup> VHA's other statutory missions are to conduct medical research,<sup>21</sup> to serve as a contingency backup to the Department of Defense (DOD) medical system during a national security emergency,<sup>22</sup> to provide support to the National Disaster Medical System and the Department of Health and Human Services as necessary,<sup>23</sup> and to train health care professionals in order to provide an adequate supply of health personnel for the VA and the nation.<sup>24</sup>

## **The Veteran Patient Population**

In FY2011 approximately 8.4 million of the 22.1 million living veterans in the nation were enrolled in the VA health care system. It is estimated that in FY2012 there would be approximately 8.6 million veterans enrolled in the system. Of the total number of enrolled veterans in FY2011, VA anticipated treating approximately 5.5 million unique veteran patients. For FY2012, VHA estimates that it will treat about 5.6 million unique veteran patients or 1.4% over the FY2011 estimate. The VHA also estimates that outpatient visits would increase from 85.8 million in FY2011 to 90.8 million in FY2012, an increase of 5.1 million, or 5.9%. It also anticipates an increase in inpatients treated from 931,028 in FY2011 to 959,920 in FY2012, an increase of 28,892, or 3.1%.<sup>25</sup>

## **President's Request**

The Obama Administration released its FY2012 budget on February 14, 2011. The Administration's FY2012 budget request for VHA (medical services, medical support and compliance, medical facilities, and medical and prosthetic research) is \$51.4 billion. In total the FY2012 budget request for VHA is \$54.4 billion including medical care collections (see **Table 1**). The President's budget proposal also revises the FY2012 advance appropriations request— included in the FY2011 President's budget request—by lowering the advance appropriations by

---

<sup>17</sup> For detailed discussion of contracted care see, CRS Report R41065, *Veterans Health Care: Project HERO Implementation*, by Sidath Viranga Panangala.

<sup>18</sup> For details on CHAMPVA see CRS Report RS22483, *Health Care for Dependents and Survivors of Veterans*, by Sidath Viranga Panangala.

<sup>19</sup> Under the grant program VA may fund up to 65% of the cost of these state-owned facilities. States must fund the remaining 35%. The law requires that 75% of the residents in a state extended care facility must be veterans (38 U.S.C. § 8131-8138.) All non-veteran residents must be spouses of veterans or parents of children who have died while serving in the U.S. armed forces. VA is prohibited by law from exercising any supervision or control over the operation of a state veterans nursing home, including setting admission criteria. Admission requirements are determined exclusively by the state.

<sup>20</sup> 38 U.S.C. § 7301(b).

<sup>21</sup> 38 U.S.C. § 7303.

<sup>22</sup> 38 U.S.C. § 8111A.

<sup>23</sup> 38 U.S.C. § 8117(e).

<sup>24</sup> 38 U.S.C. § 7302.

<sup>25</sup> Office of Management and Budget (OMB), *Appendix, Budget of the United States Government Fiscal Year 2012*, Washington, DC, February 14, 2011, pp. 1030-1031.

\$713 million to reflect the 2011 and 2012 estimated civilian pay freeze.<sup>26</sup> Additionally, the Administration is proposing to set up a \$953 million contingency fund that would provide additional funds up to \$953 million to become available for obligation if the Administration determines that additional funds are required due to changes in economic conditions in 2012.

Furthermore, as required by the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81), the President's budget is requesting \$52.4 billion in advance appropriations for the three medical care appropriations (medical services, medical support and compliance, and medical facilities) for FY2013. In FY2013, the Administration's budget request would provide \$41.4 billion for the medical services account, \$5.7 billion for the medical support and compliance account, and \$5.4 billion for the medical facilities account (see **Table 1**).

---

<sup>26</sup> On November 29, 2010, the President proposed a freeze in civilian pay for federal employees for 2011 and 2012. The White House, Office of the Press Secretary, "Fact Sheet: Cutting the Deficit by Freezing Federal Employee Pay," November 29, 2010, <http://www.whitehouse.gov/the-press-office/2010/11/29/fact-sheet-cutting-deficit-freezing-federal-employee-pay>.

**Table 1. Veterans Health Administration (VHA) Budget Authority by Account,  
FY2010-FY2012 and Advance Appropriations, FY2013**

(dollars in thousands)

Account	Enacted		Continuing Resolution (CR)		Request	
	FY2010	FY2011	FY2011 <sup>a</sup>	FY2012	FY2012	FY2013
Medical Services	\$34,740,500	—	\$37,121,000 <sup>b</sup>	—	\$40,050,985 <sup>c</sup>	—
Medical Support and Compliance (Previously Medical Administration)	4,882,000	—	5,307,000	—	5,424,000 <sup>d</sup>	—
Medical Facilities	4,859,000	—	5,740,000	—	5,376,000 <sup>e</sup>	—
Medical and Prosthetic Research	581,000	—	581,000	—	508,774	—
<b>Total VHA Appropriations (without collections)</b>	<b>45,062,500</b>	<b>—</b>	<b>48,749,000</b>	<b>—</b>	<b>51,359,759</b>	<b>—</b>
Medical Care Cost Collections (MCCF)	2,847,565	—	2,882,000	—	3,078,000	—
<b>Total VHA Appropriations (with collections)</b>	<b>\$47,910,065</b>	<b>—</b>	<b>\$51,631,000</b>	<b>—</b>	<b>\$54,437,759</b>	<b>—</b>
<b>Memorandum: Advance Appropriations<sup>f</sup></b>						
Medical Services	—	\$37,136,000	—	—	—	\$41,354,000
Medical Support and Compliance (Previously Medical Administration)	—	5,307,000	—	—	—	5,746,000
Medical Facilities	—	5,740,000	—	—	—	5,441,000
<b>Total VHA Advance Appropriations (without collections)</b>	<b>—</b>	<b>\$48,183,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$52,541,000</b>

**Source:** : Table prepared by the Congressional Research Service (CRS) based on Office of Management and Budget (OMB), *Appendix, Budget of the United States Government Fiscal Year 2012*, Washington, DC, Feb. 14, 2011, pp. 1030-1035, and Department of Veterans Affairs, *FY2012 Budget Submission, Medical Programs and Information Technology Programs*, Volume 2 of 4, Feb. 2011, p. 1A-2.

Notes:

- Medical Services; Medical Support and Compliance; and Medical Facilities accounts received advance appropriations in FY2010 (P.L. 111-117). Therefore, these accounts are not affected by the Continuing Resolution (CR). However, the medical and prosthetic research account is operating under a Continuing Resolution (CR).
- This amount reflects the transfer of \$15 million to the VA-DOD Health Care Sharing Incentive Fund.
- This amount revises the FY2012 Advance Appropriations Request of \$39.7 billion by is lowering the advance appropriations by \$552 million to reflect the 2011 and 2012 civilian pay raise freeze. Additionally this amount reflects an Administration proposal to set up a \$953 million contingency fund.

- d. This amount revises the FY2012 Advance Appropriations Request of \$5.5 billion by is lowering the advance appropriations by \$111 million to reflect the 2011 and 2012 civilian pay raise freeze.
- e. This amount revises the FY2012 Advance Appropriations Request of \$5.4 billion by is lowering the advance appropriations by \$50 million to reflect the 2011 and 2012 civilian pay raise freeze.
- f. The Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81) requires VA to submit a request for advance appropriations with its budget submission each year.

## **The Budget Request for FY2012—Mandatory Benefit Programs and Administration**

**Table 2** shows the VA budget for mandatory benefit programs and administration, as reported by the Office of Management and Budget (OMB), for FY2010 through FY2012. The amounts shown in the columns for the FY2010 Actual and FY2011 Continuing Resolution are those reported by OMB on February 14, 2011, and do not reflect appropriations legislation currently under consideration or passed by the House and Senate Appropriations Committees.

The changes in certain accounts between FY2010 and FY2012 may reflect changes due to law, regulations, or other factors as discussed below.

### **Disability Compensation**

The Disability Compensation category includes payments for a number of benefits including disability compensation; dependency and indemnity compensation (DIC); pension benefits for low-income disabled or elderly combat veterans and their survivors; burial benefits (allowances, flags, headstones, etc); and a clothing allowance for certain disabled veterans. Caseloads for the benefits in this category are expected to increase between FY2010 and FY2012, and increases in some benefits (as a result of changes in law) will take place in FY2012. Overall, the appropriations for this category are expected to decline by 5.1% primarily due to the annual impact of regulation changes made in FY2010.

During FY2010, the VA Secretary exercised his legal authority and made (by regulation) additional conditions associated with Agent Orange exposure presumptive for disability compensation to veterans, and for DIC to survivors of veterans with those conditions. Because of the range of effective dates for compensation due to conditions related to Agent Orange, appropriations for the first year (FY2010) included payments for prior years of disability compensation in a number of cases. Therefore, the first year impact of the change in regulations was larger (in FY2010) than the annual impact of the change (in later years).

### **Readjustment Benefits**

The Readjustment Benefits category reflects a number of benefits related to the transition of servicemembers from active duty status to veteran status, as well as disabled veterans including education benefits; vocation rehabilitation; financial assistance for adaptive automobiles and equipment; and housing grants. Between FY2010 and FY2012, there is an increase of 24.8% due to changes in law for benefits in this category.

Educational and vocational rehabilitation benefits reflect an increase in the workload and average cost of the benefits (due to inflation or educational cost adjustments). In addition, P.L. 111-275 increased the maximum financial assistance for automobiles and adaptive equipment from \$11,000 to \$18,900 effective October 1, 2011.

## **Insurance (Mandatory)**

The Insurance (Mandatory) category includes supplemental funding for National Service Life Insurance (NSLI);<sup>27</sup> Service-Disabled Veterans Insurance (S-DVI);<sup>28</sup> and Veterans Mortgage Life Insurance. This category shows a large increase (78.1%) between FY2010 and FY2012, primarily due to a projected increase in S-DVI due to death claims.

## **Housing and Other Mandatory Benefits**

The Housing and Other Mandatory Benefits category includes guaranteed and direct loan programs for veterans, Native American housing loans; and various proprietary receipts (from the public). Part of the decrease between FY2010 and FY2012 is attributed to a projected decline in proprietary receipts, including those associated with the GI Bill, the National Service Life Insurance fund; and housing.

## **Major Construction**

The Major Construction category, which is for construction related projects for all VA components where the total project cost is \$10 million or more, reflects a 50.6% decline in the requested appropriation between FY2010 and FY2012. However, the VBA has noted in supporting documents that it has identified \$381.6 million in prior appropriations for major construction that is unobligated, of which \$135.7 million will be used for FY2012 major construction projects.<sup>29</sup>

## **Minor Construction**

The Minor Construction category, which is for construction related projects for all VA components where the total project cost is less than \$10 million, reflects a decline between FY2010 and FY2012 of 21.8%.

## **General Operating Expenses**

The General Operating Expenses category includes funding for the Office of the Secretary; the Board of Veterans' Appeals (BVA); the Offices of General Counsel and Acquisition, Logistics, and Construction; and the Assistant Secretaries for Management, Human Resources and Administration, Congressional and Legislative Affairs, Policy and Planning, Security and Preparedness, and Public and Intergovernmental Affairs. The increase between FY2010 and FY2012 of 18.2% reflects an increase of 562 full-time equivalent (FTE) employees, and funds for initiatives including the Acquisition Improvement Initiative.

---

<sup>27</sup> The National Service Life Insurance (NSLI) was open for new policies between October 8, 1940 and April 24, 1951. NSLI provided a maximum of \$10,000 in coverage. Veterans may be covered under five-year term or permanent policies. As of September 30, 2010, there were 653,623 NSLI insured.

<sup>28</sup> The Service-Disabled Veterans Insurance (S-DVI) opened April 25, 1951 and remains open for new policies to disabled veterans meeting certain requirements. S-DVI provides up to \$10,000 in coverage for which premium relief can be provided to certain insured veterans, and up to \$20,000 in supplemental coverage (no premium relief). P.L. 111-275 increases the amount of supplemental insurance to \$30,000 effective October 1, 2011. As of September 30, 2010, there were 185,007 insured under S-DVI with 47% of the policies on premium waiver.

<sup>29</sup> Department of Veterans Affairs, *FY2012 Budget Submission, Construction and 10 Year Capital Plan*, Feb. 2011, pp. 2-7.

## Information Technology

The Information Technology category includes maintenance and improvements to the information technology of all VA functions. The small decrease between FY2010 and FY2012 reflects increases for new initiatives and completion or discontinuation of older initiatives.

## Grants to States for Extended Care Facilities

The American Recovery and Reinvestment Act (ARRA, P.L. 111-5) provided additional funds for grants to states for extended care facilities. These funds were required to be obligated by the end of FY2010 (September 30, 2010). The ARRA funds were used by the VA to advance projects planned for FY2010 and FY2011. The 15.0% decline between FY2010 and FY2012 reflects the impact of the additional ARRA funds in FY2010.

**Table 2. VA Budget Authority by Account, FY2010-FY2012, Mandatory Benefits and Administration**

(dollars in thousands)

	2010 Enacted	2011 CR	2012 Request
Compensation and pensions	\$61,176,942	\$53,978,185	\$58,067,319
Readjustment benefits	8,821,722	10,396,106	11,011,086
Insurance (mandatory)	56,288	77,589	100,252
Housing and other mandatory benefits	1,225,585	1,994,880	1,133,607
National Cemeteries Administration	250,000	250,000	250,934
Major Construction	1,194,000	1,194,000	589,604
Minor Construction	703,000	703,000	550,091
General Operating Expenses	2,086,707	2,546,276	2,466,989
Office of the Inspector General	109,000	109,000	109,391
Information Technology	3,307,000	3,307,000	3,161,376
Grants for Extended Care Facilities	100,000	100,000	85,000
Grants for State Cemeteries	46,000	46,000	46,000
Total, Mandatory Benefits and Administration	\$79,076,244	\$74,702,036	\$77,571,649

**Source:** Table prepared by the Congressional Research Service (CRS) using data from the Office of Management and Budget (OMB), *Appendix, Budget of the United States Government Fiscal Year 2012*, Washington, DC, Feb. 14, 2011.

## Author Information

Christine Scott  
Specialist in Social Policy

Sidath Viranga Panangala  
Specialist in Veterans Policy

---

## **Disclaimer**

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.